



2300 RIVER PLAZA DRIVE / SUITE 110
SACRAMENTO, CA 95833
TELEPHONE: 916 / 925-9131
FAX: 916 / 925-9030

California Canning Peach Association

September 2, 2005

Docket Clerk
Fruit & Vegetable Programs
Agricultural Marketing Service
U. S. Department of Agriculture
1400 Independence Ave, SW
Washington, DC 20250-0237

VIA FACSIMILE
(202) 720-8938

Re: Comments on Docket No. FV05-82-01PR
Federal Register August 3, 2005
Page 44525

We wish to submit the following information in rebuttal to the comments filed of August 29, 2005 by Signature Fruit Company in opposition to the proposed rules for the California Clingstone Peach Division Program:

Signature Fruit is the largest vendor in the country supplying fruits and vegetables to USDA. Over the past three years Signature's cumulative USDA sales proceeds amounted to more than \$137 million with canned peaches alone accounting for more than \$56 million. A reduction in USDA's Bonus Buy purchases will impact Signature Fruit's single largest sales outlet.

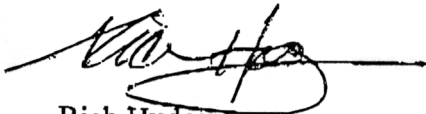
- Signature Fruit is currently being offered for sale by the insurance company (Manulife Financial/John Hancock) which owns it. A reduction of Signature Fruit's government sales volume could make the company less attractive to potential buyers.

Signature Fruit has realized millions of dollars in savings from the closure of a cannery in Gridley (Yuba/Sutter area). They are objecting to a tree pull program which may result in some of their Modesto area growers pulling out trees. There are currently more than enough uncontracted acres in the State for Signature Fruit to replace any tonnage lost in Modesto-however they are located in the Yuba/Sutter area which will add approx. \$15/ton to Signature's freight costs for transporting fruit to their remaining Modesto canneries.



- The Association had 95 growers without contracts for the 2005 season; 52 of these growers previously had contracts with Signature Fruit.
- For the 2003 and 2004 seasons, Signature Fruit failed to sell all of its contracted peach volume. The combination of a reduced commercial market demand and no expectation of a USDA canned peach or mixed fruit bonus buy in 2006 makes it hard to argue that Signature Fruit will not need fewer acres under contract for 2006.
- On August 3, 2005 all California processors were provided with a detailed listing of the more than 7,500 CCPA member acres which are available for contracting beginning with the 2006 season. One month later, Signature Fruit has not contracted for any additional acreage.
- In terms of dealing with a supply/demand imbalance, it is much more cost-effective for USDA to fund a \$5 million tree pull program than it would be to spend nearly \$30 million PER YEAR buying surplus finished product from processors.

Sincerely,



Rich Hudgins
President & CEO

attachments

Signature Fruit Company USDA Sales Revenue

October 1, 2003 – September 30, 2004

<u>Product</u>	<u>Sales Revenue</u>
Canned Apricots	\$7,871.42
Canned Peaches	8,933.362
Canned Mixed Fruit	18,623,690
Canned Fruit Cocktail	1,971,720
Canned Pears	<u>5,949,515</u>
TOTAL	<u>\$43,347,429</u>

During this year Signature Fruit was the largest vendor in the country supplying fruits & vegetables to USDA.

Signature Fruit Company

USDA Sales Revenue

October 1, 2002 – September 30, 2003

<u>Product</u>	<u>Sales Revenue</u>
Canned Apricots	\$9,289,454
Canned Peaches	30,137,974
Canned Mixed Fruit	8,921,452
Canned Fruit Cocktail	2,149,978
Canned Pears	<u>9,617,636</u>
TOTAL	<u>\$60,116,494</u>

During this year Signature Fruit was the largest vendor in the country supplying fruits & vegetables to USDA.

Signature Fruit Company
USDA Sales Revenue

October 1, 2001 – September 30, 2002

<u>Product</u>	<u>Sales Revenue</u>
Canned Apple	\$6,946,656
Canned Peaches	6,994,888
Canned Mixed Fruit	6,024,195
Canned Fruit Cocktail	2,304,252
Canned Pears	<u>1,810,853</u>
TOTAL	<u><u>\$34,080,844</u></u>

During the year Signature Fruit was the largest vendor in the country supplying fruits & vegetables to USDA